

Major Moves Help Desk

Office of Governor Mitch Daniels

Evansville on I-69: Don't Gamble Away This Opportunity

Evansville Courier & Press
Crucial Decision

The Issue: I-69 faces uncertain fate in Senate committee.

Our View: Don't gamble away this opportunity.

February 16, 2006

Today's highway hearing before the Indiana Senate Appropriations Committee could set the stage for a crucial decision on the future of an Interstate 69 extension between Evansville and Indianapolis.

The committee will take public testimony today on Gov. Mitch Daniels' highway legislation package, which includes language that would allow for a private-public partnership to build and/or operate I-69 as a toll road.

A vote won't come until later; amendments will be considered on Feb. 23. What's troubling about that step is that two influential Republican senators say they may pull the I-69 language out of the highway bill. We warned of this on Sunday, and since then, the Metropolitan Evansville Chamber of Commerce has issued an alert, stating that senators are under pressure from those opposed to public-private partnerships and those who oppose the construction of I-69.

If they succeed in pulling the language out of the

bill, the Chamber said, any possibility of fast-tracking the construction of I-69 would be lost. What the senators, Robert Meeks, R-LaGrange, chairman of the committee, and Luke Kenley, R-Noblesville, say is that Daniels should first obtain an offer for I-69 construction and operation, then bring it back to the Legislature. At the least, that would mean the next session in 2007.

Those who support the delay say that it would be next year, regardless, before the state could process an offer. They also point out that the governor attained the \$3.85 billion bid on the privatization of the Indiana Toll Road before enabling legislation was passed. That is the legislation that passed the House and is now pending in the Senate.

But Daniels and backers of the legislation say he needs the measure passed this year so that the state can proceed with putting the I-69 package together. The governor has said he needs the legal authority first, in order for potential bidders to engage in serious talks.

We wonder, as well, what would happen should consideration of the I-69 legislation be put off for a year, only to have the balance of political power change in the Indiana House. That's unlikely in the Republican-controlled Senate, but in the House the Republicans hold only a narrow margin. In fact, the highway package passed there 52-47 on a straight party-line vote. Even the Democrats from Evansville

voted against the bill that would allow I-69 to go forward. Were they to find themselves in the majority next year, what are the chances the Democrats would approve private-public legislation on I-69?

Daniels' Major Moves road initiative presents Indiana with a tremendous opportunity to complete many more highway and bridge projects than were ever thought possible. Opposition arguments about foreign-owned companies and about denying ownership of the toll road to our grandchildren are weak. And the Democrats' counterproposal to borrow money for highway work takes the state into debt while limiting the number of projects that the state could afford.

The Daniels administration has said that without the approval of this legislation, I-69 construction could not begin until at least 2017 and not be completed until 2035. With the legislation, construction could begin in 2008 and be finished 10 years later.

Why take the chance, when the opportunity is so close at hand? Those who would pull I-69 from the Major Moves legislation - as with those who would quash the entire highway initiative - are gambling with Indiana's future for no good reason.

The governor's highway package must pass the Senate this session with the I-69 provision intact.

Growing Support

On Tuesday, the Madison County Council passed a resolution supporting Major Moves on a bipartisan vote of 5-1.

To see the growing list of groups and organizations supporting Major Moves visit:

www.majormoves.in.gov

Governor Discusses Major Moves on Lafayette TV TONIGHT!



Lawmakers' Questions Answered About Major Moves

Are the improvements to the Indiana Toll Road by the operator non-binding?

No. Improvements to the Indiana Toll Road are binding and mandatory. The State of Indiana has delayed for years making hundreds of millions of dollars in necessary improvements to the Indiana Toll Road due to a lack of funds. The operator will not have that option. It must make necessary improvements and upgrades to maintain INDOT standards for infrastructure quality and traffic levels. If the operator fails to make those capital improvements, it will be in breach of the lease, and the State can resume operations of the road and keep the \$3.85 billion. The operator estimates those improvements to cost \$4.4 billion (in today's dollars) over the term of the lease.

While the operator may pay for exits and entrances, won't the state actually take on more costs because of the traffic leaving the road?

Traffic studies conducted by Wilbur Smith suggest minimal diversion from the Toll Road based on the proposed toll increase. In addition, proposed new interchanges will be added to improve traffic and with the expectation of increasing traffic on the Indiana Toll Road.

Was the contract negotiated with the winning bidder?

No. The state submitted a proposed agreement to all qualified and interested parties. Those parties submitted written suggestions about the lease provisions. After consulting with legal and transportation experts, the State submitted the final contract to all qualified and interested parties on a "bid on it or leave it" basis. Each party that submitted a bid signed a contract accepting the terms of the State's lease agreement.

Is there a review process for toll increases?

Increases in tolls are spelled out specifically by the lease agreement. Toll increases are locked into place until 2010. In subsequent years, toll increases are limited to the greater of 2%, the increase in CPI or per capita GDP per year. The operator may recoup the missed toll increases between 2006 and 2009, but no banking of toll increases is permitted beyond that.

Action in the General Assembly

Today members of the Senate Appropriations Committee listened to hours of testimony concerning Major Moves.

Nearly 50 supporters from across the State, representing Indiana's labor unions, construction industries, business interests, and folks who see the benefit of new jobs for Indiana testified on behalf of the legislation.

About half as many opponents testified and nearly all of the opposition was organized by groups opposed to building a new I-69—not the Major Moves initiative.